

Before The  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

APR 27 1995

In the Matter of )

COMPTEL Petition on Rate Ceiling On )  
Operator Service Calls )

and )

Petition for Rulemaking of National )  
Association of Attorneys General )  
Proposing Additional Disclosures By )  
Some Operator Service Providers )

CC Docket No. 92-77

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RM-8606

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REPLY OF SOUTHWESTERN BELL TELEPHONE COMPANY

As the Comments predictably indicate, the industry remains divided over the rules changes needed in the operator services markets. Some, such as Southwestern Bell Telephone Company, MCI, Ameritech and Sprint, correctly contend that only implementation of an appropriately constructed Billed Party Preference (BPP) plan will achieve the goals of the Commission and Congress. Others support the status quo -- no changes, rate ceilings or warning messages -- while others are not sure what to do.

The Commission must now decide between competition and regulation. SWBT continues to believe that the solution which best addresses the problems in the operator services market and is most in the public interest is Billed Party Preference, if implemented with appropriate cost recovery in the manner proposed by SWBT. Comments offered by a number of parties support this conclusion.

The Commission should not rely on excessive regulation to solve the problems in the operator services market. Regulatory

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controls have not, and will not, resolve the problems in the operator services market. The Florida Public Service Commission (FPSC), for example, has established a strictly enforced rate cap for operator assisted calls, yet continues to receive customer complaints and has identified overcharges of more than \$2 million in eleven docketed proceedings.<sup>1</sup> The FPSC's rate cap is thus not a sufficient solution. The FPSC agrees with the FCC that BPP appears to reduce regulatory costs while ensuring that customers receive the rates and service provided by their own preferred carrier.<sup>2</sup>

As in Florida, the Comptel Group's rate ceiling proposal will not reduce excessive OSP rates. The Colorado Public Utilities Commission Staff analyzed the proposal and concluded that rates for calls under 10 minutes would be 160% to 271% higher than the dominant carrier's rates for a customer-dialed calling card call, and 62% to 75% higher than station collect.<sup>3</sup>

The Commission should enact rules which require Operator Service Providers to compete based on merits of service, rather than on commission payments to traffic aggregators delivering a captive clientele. The Commission must decide if closed, captive and regulated markets are in the best interest of consumers, or if the public interest is better served by open and competitive markets. If the Commission chooses open markets, the Commission

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<sup>1</sup> Florida Public Service Commission (FPSC) at 2-3.

<sup>2</sup> Id.

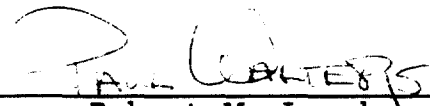
<sup>3</sup> Colorado PUC Staff at Footnote 26, Figure 1.

will order the implementation of BPP in the manner suggested by SWBT.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY

By

  
\_\_\_\_\_  
Robert M. Lynch  
Durward D. Dupre  
J. Paul Walters, Jr.

Attorneys for  
Southwestern Bell Telephone Company

One Bell Center, Room 3520  
St. Louis, Missouri 63101  
(314) 235-2507

April 27, 1995

**CERTIFICATE OF SERVICE**

I, Liz Jensen, hereby certify that the foregoing  
Reply of Southwestern Bell Telephone Company in CC Docket  
No. 92-77/RM-8606, has been served this 27th day of April,  
1995 to the Parties of Record.

Liz Jensen  
Liz Jensen

April 27, 1995

ITS INC  
2100 M ST NW  
RM 140  
WASHINGTON DC 20037

ERNEST D PREATE JR  
ATTORNEY GENERAL  
COMMONWEALTH OF PENNSYLVANIA  
STRAWBERRY SQUARE 16TH FL  
HARRISBURG, PA 17120

JAMES E. DOYLE  
ATTORNEY GENERAL  
STATE OF WISCONSIN  
114 E STATE CAPITOL  
MADISON WI 53702

GENEVIEVE MORELLI  
COMPETITIVE TELECOMMUNICATIONS  
ASSOCIATION  
1140 CONNECTICUT AVE NW  
SUITE 220  
WASHINGTON DC 20036

ROBERT F ALDRICH  
KECK MAHIN & CATE  
COUNSEL FOR APCC  
1201 NEW YORK AVE NW  
WASHINGTON DC 20005-3919

MICHAEL J SHORTLEY III  
FRONTIER COMMUNICATIONS  
INTERNATIONAL INC  
180 S CLINTON AVENUE  
ROCHESTER NY 14646

MARY MCDERMOTT  
UNITED STATES TELEPHONE  
ASSOCIATION  
1401 H ST NW STE 600  
WASHINGTON DC 20005

CONNIE WIGHTMAN  
TECHNOLOGIES MANAGEMENT INC  
P O DRAWER 200  
WINTER PARK FL 32790-0200

KENNETH F MEDLEY JR  
VICE PRESIDENT OF REGULATORY  
AFFAIRS  
US LONG DISTANCE INC  
9311 SAN PEDRO STE 300  
SAN ANTONIO TX 78216

CYNTHIA B MILLER  
ASSOC GENERAL COUNSEL  
FLORIDA PSC  
101 EAST GAINES ST  
TALLAHASSEE FL 32399

ANTHONY MARQUEZ ESQ  
COLORADO PUBLIC UTILITIES  
COMMISSION  
1580 LOGAN ST  
OFFICE LEVEL 2  
DENVER, CO 80203

JUDITH ST LEDGER-ROTY  
REED SMITH SHAW & MCCLAY  
COUNSEL FOR INTELLECALL  
COMPANIES  
1200 18th ST NW  
WASHINGTON DC 20036

GREGORY M CASEY  
SENIOR VICE PRESIDENT  
REGULATORY AND TELEPHONE  
COMPANY RELATIONS  
ONCOR COMMUNICATIONS INC  
6707 DEMOCRACY BLVD  
BETHESDA MD 20817

JOHN H GOODMAN  
BELL ATLANTIC TELEPHONE  
COMPANIES  
1133 20TH ST NW  
WASHINGTON DC 20036

WILLIAM J BALCERSKI  
NYNEX TELEPHONE COMPANIES  
1111 WESTCHESTER AVE  
WHITE PLAINS NY 10604

JAMES P TUTHILL  
NANCY C WOOLF  
PACIFIC BELL  
NEVADA BELL  
140 NEW MONTGOMERY ST  
RM 1523  
SAN FRANCISCO CA 94105

LEON M KESTENBAUM  
JAY C KEITHLEY  
SPRINT  
1850 M ST NW STE 1100  
WASHINGTON DC 20036

DAVID COSSON  
L MARIE GUILLORY  
NATIONAL TELEPHONE  
COOPERATIVE ASSOC  
2626 PENNSYLVANIA AVE NW  
WASHINGTON DC 20037

RICHARD H RUBIN  
MARK C ROSENBLUM  
AT&T CORP  
295 NORTH MAPLE AVE  
RM 3254A2  
BASKING RIDGE NJ 07920

MARY S SISAK  
DONALD J ELARDO  
MCI TELECOMMUNICATIONS CORP  
1801 PENNSYLVANIA AVE NW  
WASHINGTON DC 20006

ALBERT H KRAMER  
ROBERT F ALDRICH  
KECK MAHIN & CATE  
COUNSEL FOR THE AMERICAN  
PUBLIC COMMUNICATIONS  
COUNCIL  
1201 NEW YORK AVE NW  
WASHINGTON DC 20005-3919

RANDALL B LOWE  
JENNIFER L DESMOND  
PIPER & MARBURY  
COUNSEL FOR OPTICOM  
1200 NINETEENTH ST NW  
WASHINGTON DC 20036-2430

GLENN B MANISHIN  
BLUMENFELD & COHEN  
COUNSEL FOR GATEWAY  
TECHNOLOGIES INC  
1615 M ST NW STE 700  
WASHINGTON DC 20036

DOUGLAS E NEEL  
VICE PRESIDENT, REGULATORY  
AFFAIRS  
MESSAGEPHONE INC  
5910 N CENTRAL EXPRESSWAY  
DALLAS TX 75206

GARY L PHILLIPS  
AMERITECH  
1401 H ST NW STE 1020  
WASHINGTON DC 20005

KIRK SMITH  
PRESIDENT  
OPERATOR SERVICE COMPANY  
1624 TENTH ST  
LUBBOCK TX 79401

RANDOLPH J MAY  
TIMOTHY J COONEY  
SUTHERLAND, ASBILL &  
BRENNAN  
COUNSEL FOR CAPITAL  
NETWORK SYSTEMS INC  
1275 PENNSYLVANIA AVE NW  
WASHINGTON DC 20004-2404